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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

Honorable J. Bennett Johnston, Jr.
United States Senate
136 Hart Senate Office Building
Washington, D. C. 20510-1802

Dear Senator Johnston:

DOCKET FILE COPY ORIGINAL

This letter is in response to your letter of June 17, 1994, regarding the letter of your constituent, Mr. Kevin Peters, Director, Mobile Communications Association. His letter specifically addressed the need to ensure that licenses for broadband Personal Communications Services (PCS) are disseminated among a wide variety of applicants, including small businesses, rural telephone companies, and businesses owned by minorities and women.

At its June 29, 1994 agenda meeting, the Commission adopted service-specific rules for broadband PCS, including a "Competitive Opportunity Plan" that establishes two "entrepreneurs' blocks" for smaller businesses. These blocks together consist of 986 licenses, which will be authorized for operations within Basic Trading Areas (BTAs). Eligibility for these blocks will be limited in order to safeguard for small businesses, including those owned by minorities and women, the ability to participate in the auctions without competition from the largest of companies. Within the entrepreneurial blocks, the Commission established a range of provisions to address the most challenging barrier to entry by designated entities -- that is, access to capital. These provisions include bidding credits, installment payment plans, tax certificates and relaxed attribution standards for small businesses and businesses owned by minorities and women. For example, within the entrepreneurs' blocks, businesses with less than \$40 million in gross revenues for the three preceding years (including revenues of their affiliates) are eligible for bidding credits of 10 percent, and small businesses owned by women or minorities are eligible for bidding credits of 25 percent. In addition, bidders in the entrepreneurs' blocks will receive a 25 percent discount from the ordinary upfront payment. Furthermore, most winning bidders within the entrepreneurs' blocks may pay for their licenses in installments, thus deferring payments of principal on their debt to the government. In addition, the Commission recently proposed a similar Competitive Opportunity Plan for the auctions that will award certain regional narrowband PCS licenses.

The Commission also established rules permitting rural telephone companies to obtain broadband PCS licenses that are geographically partitioned from larger PCS service areas. Rural telephone companies: (1) may form bidding consortia to participate in auctions, and then partition the licenses won among consortia participants, or (2) may acquire partitioned broadband PCS licenses from other licensees through private negotiation and agreement either before or after the auction.

The Commission has sought to implement the Congressional intent of Section 309(j) of the Communications Act, passed by Congress in August 1993, to bring tangible opportunities for participation to individuals and entities that are historically precluded from providing

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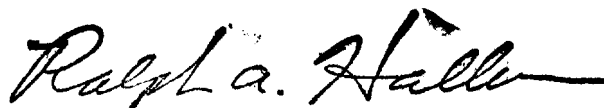
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Honorable J. Bennett Johnston

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telecommunications services. It has sought to ensure that competition and participation by all segments of society will become the enduring standard for the future. Enclosed is a summary of the Commission's action of June 29. If you would like additional information, feel free to call Julia Kogan of my staff at (202) 632-7125.

Sincerely,

A handwritten signature in cursive script, reading "Ralph A. Haller", followed by a horizontal line.

Ralph A. Haller
Chief, PCS Task Force &
Chief, Private Radio Bureau

Enclosure:

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Congressional

DUE OBC: 7/5/94

CONGRESSIONAL CORRESPONDENCE TRACKING SYSTEM

06/24/94

LETTER REPORT

CONTROL NO.	DATE RECEIVED	DATE OF CORRESP	DATE DUE	DATE DUE OLA(857)
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TITLE	MEMBERS NAME	REPLY FOR SIG OF
Senator	J Bennett Johnston	BC

CONSTITUENT'S NAME	SUBJECT
Kevin Peters	auction/lottery IVDS

REF TO	REF TO	REF TO	REF TO
PRB/LMMB 6/27			
DATE	DATE	DATE	DATE
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REMARKS:

J. BENNETT JOHNSTON
LOUISIANA

United States Senate

WASHINGTON, DC 20510-1802

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June 17, 1994

Ms. Judith L. Harris
Director, Office of Legislative Affairs
Federal Communications Commission
Room 808
1919 M Street, N.W.
Washington, D.C. 20554

Dear Ms. Harris:


Because of my desire to be responsive to all inquiries, I respectfully request your consideration of the enclosed correspondence which I received from Mr. Kevin Peters, Director of Mobile Communications Association.

I will appreciate your looking into this matter, and providing me with a status report at your earliest convenience.

Thank you in advance for your time and consideration, and I look forward to hearing from you.

With kindest regards, I am

Sincerely,



J. Bennett Johnston
United States Senator

JBj:mp

Enclosures

9376 Mansfield Rd. Shreveport, LA 71118
Office (318) 687-1777

Senator Johnston:

Thank you,

Kevin Peters
Director

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